

George E. Pataki
Governor

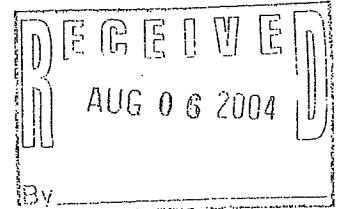


Judith A. Calogero
Commissioner

New York State Division of Housing and Community Renewal

25 Beaver Street
New York, NY 10004

August 4, 2004



Mr. Robert Seavey
Managing General Partner
5th Avenue - 106 Street Associates
3 Park Avenue, 38th Floor
New York, NY 10016

Re: East 106th Street - UDC 086

Dear Mr. Seavey:

We are pleased to advise you that, because of the continuing satisfactory performance of your managing agent, Dalton Management, we would approve an extension of your contract with the managing agent for an additional 12 month period ending June 30, 2005. Since your agent is not scheduled to be evaluated formally until 2005, under our program for evaluating the performance of managing agents every two years instead of annually (see Housing Bureau Memorandum #95-B-5 dated March 31, 1995), there is no evaluation accompanying this letter.

The Commissioner has prescribed the maximum annual percentage increment for the year ending June 30, 2005 to be 3.2%. The Commissioner has also set a maximum administrative expense fee of \$5.36 per dwelling unit per month for all administrative expenses. Accordingly, with respect to your specific development for the period commencing July 1, 2004 and ending June 30, 2005, the total maximum compensation would be as follows:

Managing Agent Fee \$22,356 per month. This amount represents the sum of:

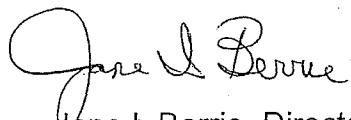
- (1) \$19,965 per month as the project's base rate; plus
- (2) \$2,391 per month as the project's administrative expense fee.

Please take particular note that the base rate and the administrative expense fee amounts cited above are maxima that the Division will approve. As always, a lesser fee as negotiated by the owner will be permitted. Any fee previously approved by the Division which is in excess of our new maximum may be continued in conformance with our "hold harmless" policy. Failure to certify the Site Manager within 12 months of assignment will result in the disapproval of reimbursement of the Site Manager's salary and fringe benefits.

Please detach and fill in Page 3 (Extension of Contract for Managing Agent) as applicable and submit two executed originals to the DHCR Management Bureau, Administration Unit, Attn: Mark A. Marcucilli. The Division will return the Extension marked either "Accepted" or "Amended". No increase may be implemented without the Division's receipt and return of the Extension of Contract for Managing Agent.

Your prompt attention to the extension is requested. Should you have any questions, please consult your assigned Housing Management Representative.

Sincerely,



Jane I. Berrie, Director
Housing Management Bureau

JIB/rf

Attach: Extension Agreement

cc: N. B. Seavey, Managing Agent

Extension of Contract for Managing Agent

Whereas, the parties have originally entered into a Contract for Managing Agents as of March 31, 2000, with subsequent extension to June 30, 2004, and wish to extend the Contract further, it is agreed that:

1. The Contract is extended for twelve (12) months, from July 1, 2004 to June 30, 2005.
2. Article 5.1(a) of the Owner-Agent Agreement is amended as follows:

Managing Agent Fee \$ 22356 per month. This amount represents the sum of:

\$ 19965 the Project's Base Rate: plus

\$ 2391 the Project's Administrative Expense Fee.

3. Article 5.1(e) of the Owner-Agent Agreement is amended as follows:

Site Manager Reimbursement for the year ending June 30, 2005 is \$ 32013 per year payable in equal monthly installments, in accordance with the attached schedule of salary and fringe benefits.

4. The Management Plan has has not been amended. If amended, the pages on which changes have been made are attached.
5. Other (Use attachments if necessary). _____

We hereby certify that the information listed below is true and correct.

- a. There is a Fidelity Bond for at least 25% of the annual rent roll insuring both the Owner and the Managing Agent.
- b. There is a current Real Estate Broker's License in the name of the Managing Agent.
- c. The Site Manager was hired on April 2000 and is currently certified by
NAHB RAM _____ or is not certified.
(Name of Organization)

Owner: Fifth & 106th Street Associates

Agent: Dalton Management Co. LLC

Signature

Date

Signature

Date

Robert W. Seavey G.P. Name/Title
(Please Type)

Nealle B. Seavey, Manager Name/Title
(Please Type)

TO BE COMPLETED BY HOUSING COMPANY

FOR DHCR USE ONLY

Accepted

Amended

Development

East 106th St

By

Date

Allen Drizany

August 12, 2004

DHCR Number

UDC-86